

STALL LAKE MINES LTD.

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ANNUAL REPORT 1969



THE PRESIDENT'S REPORT

To the Shareholders:

I am once again honoured to be able to report to you on the progress which your company has made since the last annual meeting of Shareholders. In fact this is a very exciting time to be in communication with you.

The past year has been a year of considerable progress for your company although the progress has been of a less dynamic nature than that of the previous two years, during which time our ore body at Snow Lake, Manitoba was being systematically outlined. Nevertheless the past year has been filled with achievement and it now appears that we can look forward to a decision being made by Falconbridge Nickel Mines Limited early in 1970 as to the manner of bringing the ore body into production. However, if the current diamond drilling program uncovers further ore, a further feasibility study or more diamond drilling or both may be required. We therefore look forward to 1970 which should either bring a decision on putting the ore body into production or should bring an increase in our ore reserves.

With the achievement of our objectives at Snow Lake in sight, your company has turned its attention to the future of the company. We have established a solid basis for future activities through the underwriting which took place last year and we have established sufficient working capital to enable us to develop a general exploration policy. The appointment this year of Prof. W. C. Brisbin, P. Eng., to our board gave us the geological knowledge and experience without which the task of implementing our general exploration policy would be difficult.

Many factors are combining to offer increased opportunities for mining companies — the promising prospect for many more discoveries in the precambrian shield, the growing demand and rising prices for minerals on the world market, and government policies aimed at increasing

PRESIDENT'S REPORT continued

economic development. By taking advantage of these factors, our company can offer favourable investment and earning prospects to Shareholders while at the same time contributing to the growth of our region of the nation.

The recent White Paper on taxation has, however, somewhat dampened our enthusiasm for expanding the scope of the activities of the Company in the mineral exploration field in Canada. Although the Government has paid lip service to the principle of recognizing the special requirements of the mining industry resulting from the high risk nature of mineral exploration activities, the proposals made do not carry the principle into practice.

No matter what taxation policies are ultimately implemented, we do not expect that the development of our Snow Lake claims will stop because of the large investment already made. However, if the White Paper proposals are not drastically altered, we will be required to give serious consideration as to whether our future lies in the mineral exploration field or in other segments of the economy.

Given the present critical situation in agriculture, Western Canada and particularly Manitoba, could and should look

for an alternate source of economic development and the Federal Government should not remove the incentives which are necessary to permit this development. Our Province simply does not have the population or financial resources necessary to attract any other industry on a scale large enough to make up for the loss of mineral resource exploration and development.



Drilling rig on Stall Lake property at Snow Lake.

PRESIDENT'S REPORT continued

Regarding pollution control measures, we agree in general with the concern of the Government about pollution but we would suggest that pollution control must be handled on a world wide basis if it is to be effective for the purpose intended, and if the cost of production in Canada is to remain competitive with other countries. Perhaps Canada can take the lead in negotiating world wide pollution control measures.

We would also suggest that the Government could offset part of the cost of pollution control by assisting and encouraging companies such as ours engaged primarily in explorations. Manitoba, in particular, is sorely lacking a Government agency for the purpose of disseminating exploration information to interested parties. Further steps could be taken to make assessment work data more readily available.

With reasonable Government policies on taxation and with the imminent development of the company's Snow Lake property, I look forward to considerable expansion of the scope of the company's activities over the next year.

I am again indebted to the Board of Directors and Officers of the company for the co-operation and assistance so generously given over the past year. I also wish to express my appreciation for the loyal support and constructive contributions received from many Shareholders that have made my task worthwhile. Finally, I wish to express my sincere thanks to the representatives of Falconbridge Nickel Mines Limited for the valuable assistance and co-operation which commenced with signing the agreement in 1965 and has never faltered since that time.



W. J. McSorley

W. J. McSorley,
President.

December 1 , 1969.

Dr. J. J. Brummer, Exploration Manager For Central Canada For Falconbridge Nickel Mines Discusses The Zone Two Drilling Program With Stall Lake Mines' President W. J. McSorley.

DIRECTORS' REPORT

SNOW LAKE CLAIMS:

As in the past, your Company's prime objective has been to have completed the exploration program on our Snow Lake claims and to bring those claims into production under the terms of our agreement with Falconbridge Nickel Mines Limited. To that end we can report that the diamond drilling program which was in progress in December, 1968 was successfully completed. Re-calculation of the size of the ore body which was being explored was made and the ore body was found to have been increased substantially in both tonnage and grade. The present size of the ore body, allowing for 10% dilution, is estimated at 672,641 short tons averaging 5.38% copper, 2.28% zinc and containing valuable quantities of gold and silver. The ore body also contained interesting quantities of cobalt but the economic value of the cobalt will depend on whether or not it is in combination with arsenic.

The proven increase in the size of the ore body was of sufficient significance to prompt Falconbridge to complete their feasibility studies to determine how to bring the property into production in the most economical manner. If no new ore is found, we expect a decision on production early in the new year. If additional ore is found, a new feasibility study may be required. Either way, we can look forward to achieving our objectives whether it be by way of increased ore reserves or by way of decisions which will lead toward the opening of a mine.

In August, 1969, a further diamond drilling program was initiated by Falconbridge with three objectives — to test for the possibility of one or more separate parallel ore bodies; to test about fifty of the one hundred anomalies which exist in other areas of the property; and to test for a possible extension of the known ore body on the up-plunge end of the proven ore zone. Since that time four diamond drills have been working continuously. Progress has been rapid due to the shallow nature of the anomaly drilling and of the up-plunge holes. At the time of writing we are happy to report that the up-plunge holes have encountered some calcophyrite and our hopes are very high for this part of the property.

A schedule of the drill results on which assays have been received will be found in subsequent pages of this report. It should be noted that all drill holes have encountered mineralization, but for the purpose of conciseness, only those holes assaying better than 1.5% copper are reported in the schedule. It should further be noted that we have not as yet received assays from the current diamond drilling program and accordingly the schedule does not contain any results from the current program.

Between June 1, 1965 and September 30, 1969 Falconbridge has spent \$401,292.08 on exploration of our Snow Lake claims. Under our agreement with Falconbridge, the maximum required expenditures for exploration of these claims was \$100,000.00 for which Falconbridge earned a 50% interest in the claims. The additional expenditure of \$301,292.08 by Falconbridge does not increase that company's earned interest in the claims.

A favourable decision as to bringing the Snow Lake claims into production will result in the formation of a new company for that purpose with Falconbridge and our company each owning a 50% of the issued shares of that new company. If Falconbridge finances the establishment of the mine interest free, it will earn a further 10% interest in the new company. Stall Lake will be entitled to have two nominees on the Board of Directors of the new company.

DIRECTORS' REPORT cont.

WILDNEST SASKATCHEWAN CLAIMS:

Another area of progress involves our claims at Wildnest Lake, Saskatchewan which are owned 50% by our company and 50% by Scope Resources Limited. At the time of our last annual meeting a ten hole diamond drill program was being started. Previous drilling on that property indicated approximately 900,000 tons of low grade copper - zinc - gold - silver mineralization. The following are the assay results of the program:

Hole No.	Length of intersection assayed	Cu %	Zn %
50	1.2 ft.	.82	2.94
51	14.9 ft.	.92	.61
52	7.1 ft.	.96	1.90
53	2.8 ft.	1.65	.56
55	27.4 ft.	1.04	.25
56	22.1 ft.	.65	.33
58	10.8 ft.	.70	.63
59	9.3 ft.	.64	trace
60	6 ft.	.46	.47

Analysis of the results led our consulting geologist to recommend a further program of 6 diamond drill holes, 3 on each side of the lake. This further program has just been completed and there has not been sufficient time to fully study the information gained. However, further low grade mineralization was found on the opposite side of the lake with a small section of higher grade calcophyrite. We await detailed reports and recommendations for this property.



Drilling rig operators at work.

DIRECTOR'S REPORT cont.

OTHER EXPLORATIONS:

The company's activities during the past year have not been limited to our two best properties reported above.

During the summer and fall of 1968 your company, under the direction of J. C. Sproule & Associates, a Calgary geological consulting firm, conducted the preliminary stages of a sulphur exploration program in Northern Alberta. Although encouraging sample assays were encountered, further evaluation of the results of the initial phases of the program led our consultants to recommend surrender of the permits. All deposits paid to guarantee the completion of the program were refunded to the company by the Alberta government.

Many other properties have been investigated, some have been acquired and some have been surrendered based upon information which became available from our programs of investigation enabling us to place each property in a list of priorities based upon the possibility of finding ore on each of them.

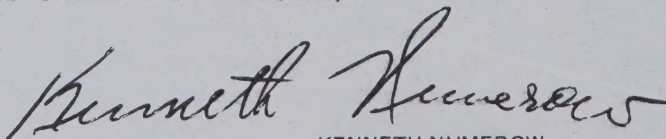
These activities are of major importance if our goal of perpetuating the company is to be achieved and they take up a good portion of our time and energies.

We look forward to increasing the size and scope of the company's exploration activities in the coming year and hope to concentrate most of our efforts in the Province of Manitoba, where about 75% of our 800 Shareholders reside.

CHANGES IN THE BOARD OF DIRECTORS

The vacancy on the Board of Directors, caused by the passing away of Mr. G. Bruce White, Director and Secretary-Treasurer of the Company (please see page 15), was filled on February 6th by the appointment of Mr. Gordon W. Leckie. Mr. Leckie came to the Board with a great deal of experience in management of other corporations, and during his term of office he contributed very significantly to the operation of the Company. Unfortunately, Mr. Leckie's term of office was of short duration due to conflicting pressures of other duties.

The vacancy on the Board of Directors resulting from the resignation of Mr. Leckie was filled by the appointment of Prof. W. C. Brisbin, P. Eng. As indicated in previous annual reports, Prof. Brisbin has been engaged by the Company in past years to provide several analyses of drilling results on the Snow Lake property. Your Directors are very pleased that it has been possible to extend this association with Prof. Brisbin into a continuing working arrangement for developing a broadened and co-ordinated exploration policy. In the short time since Prof. Brisbin's appointment his professional knowledge and abilities and the generosity with which he has contributed his time and energy to Company business have made an outstanding contribution to our progress. The company owes a special vote of thanks to Prof. Brisbin and we look forward to many years of association with him. ON BEHALF OF THE BOARD,



KENNETH NUMEROW
Secretary-Treasurer

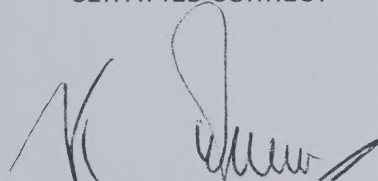
December 1, 1969

FALCONBRIDGE NICKEL MINES LIMITED

Statement of Expenditures in respect of Mining Claims Numbers M5819 to M5836 in the Herb Lake Mining Division of The Pas Mining District in the Province of Manitoba in accordance with Agreement with Stall Lake Mines Limited dated June 1, 1965.

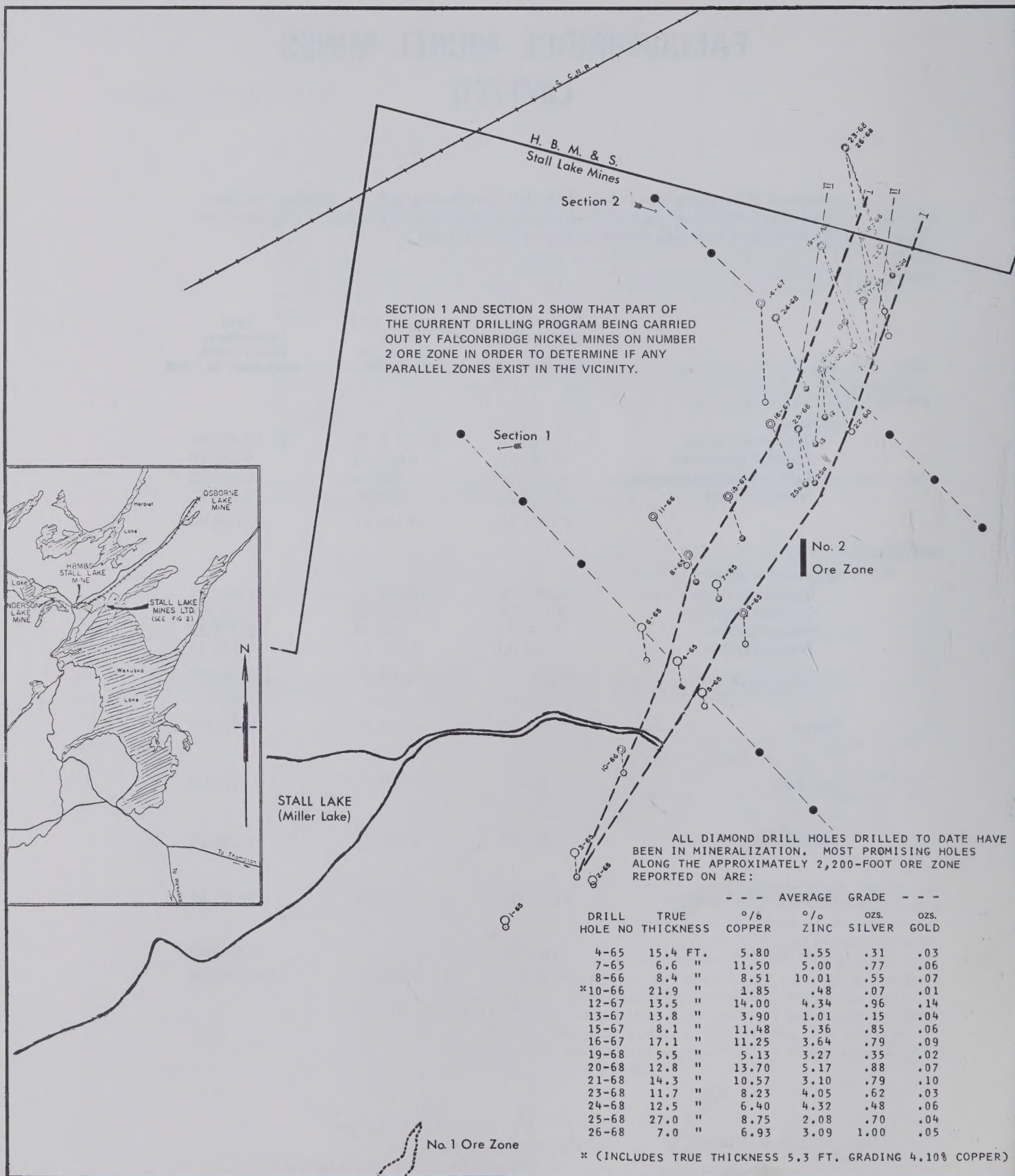
	Expenditures June 1, 1965 to July 31, 1968	August 1, 1968 to September 30, 1969	Total Expenditures June 1, 1965 September 30, 1969
Surveys —			
Salaries and wages	\$ 12,265.70	\$ 4,519.39	\$ 16,785.09
Contract payments	5,140.20	3,082.90	8,223.10
Field expenses and supplies	3,855.34	665.74	4,521.08
Transportation	1,696.24	834.48	2,530.72
	22,957.48	9,102.51	32,059.99
Diamond drilling —			
Salaries and wages	28,653.06	10,811.25	39,464.31
Contract payments	161,074.34	110,322.60	271,396.94
Field expenses	4,681.47	554.85	5,236.32
Transportation	3,828.92	1,357.85	5,186.77
	198,237.79	123,046.55	321,284.34
Assays	5,179.44	3,234.17	8,413.61
Drafting	601.05	372.50	973.55
Property maintenance	3,552.59	7,456.61	11,009.20
Regional office expense	4,407.76	1,643.63	6,051.39
Other expense	21,500.00	—	21,500.00
	\$ 256,436.11	\$ 144,855.97	\$ 401,292.08

CERTIFIED CORRECT



K. Dunn, Controller,
Falconbridge Nickel Mines Limited

Dated at Toronto this 11th day of November, 1969.



FINANCIAL REPORT

Thorne,
Gunn,
Helliwell
& Christenson

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
Stall Lake Mines Limited

We have examined the balance sheet of Stall Lake Mines Limited as at March 31, 1969 and the statements of deferred exploration, development and administrative expenditures, deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne, Gunn, Helliwell & Christenson

Winnipeg, Canada
June 12, 1969

Chartered Accountants.

OFFICES THROUGHOUT CANADA AND ASSOCIATES THROUGHOUT THE WORLD

STALL LAKE MINES LIMITED
(Incorporated under the laws of Manitoba)

BALANCE SHEET - MARCH 31, 1969
(with comparative figures at March 31, 1968)

	1969	1968
CURRENT ASSETS		
Cash	\$ 7,255	\$ 1,533
Guaranteed deposit receipts, at cost plus accrued interest	228,925	169,386
Marketable securities, at cost (quoted market value 1969-\$13,765; 1968-\$23,675)	17,115	20,137
Accounts receivable	24,411	742
Loan receivable, shareholder		8,300
Prepaid expenses and deposits	700	15,850
	<u>278,406</u>	<u>215,948</u>
INVESTMENTS, at cost		
Scope Resources Limited		
96,500 Shares (100,000 shares in 1968) (quoted market value \$20,747)	11,925	6,500
Advances	7,185	7,500
Sundry shares	<u>19,110</u>	<u>14,000</u>
MINING CLAIMS, at cost (note 2)	114,050	143,025
FIXED ASSETS, at cost		
Buildings, machinery and equipment (note 3)	<u>81,619</u>	<u>80,023</u>
OTHER ASSETS		
Deferred exploration, development and administrative expenditures (note 4)	207,400	196,707
Organization expense	1,200	1,200
	<u>208,600</u>	<u>197,907</u>
	\$ <u>701,785</u>	\$ <u>650,903</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 18,132	\$ 6,224
Options exercised	<u>7,201</u>	<u>7,201</u>
	<u>25,333</u>	<u>6,224</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 5)		
Authorized		
3,000,000 Common shares without par value		
Issued		
2,453,861 Common shares (2,405,561 shares in 1968)	724,373	644,679
DEFICIT	<u>47,921</u>	<u>47,921</u>
	<u>676,452</u>	<u>644,679</u>
	\$ <u>701,785</u>	\$ <u>650,903</u>
CONTINGENT LIABILITY (note 6)		
Approved by the Board		
Director		

Gunneth Helliwell w & m c Solley

STALL LAKE MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT
AND ADMINISTRATIVE EXPENDITURES

YEAR ENDED MARCH 31, 1969

Exploration and development Snow Lake, Manitoba		
Consulting and engineering fees and expenses	\$ 1,478	
Prospecting	240	
Mine insurance and taxes	705	
Mine supplies and expenses	544	
Watchman's wages and benefits	3,335	
	<u>6,302</u>	
Less reimbursements	3,854	\$ 2,448
		<u>7,664</u>
Wildnest Lake, Saskatchewan		
Engineering fees and expenses	308	
Drilling	<u>15,020</u>	
	15,328	
Less reimbursements	<u>7,664</u>	
		15,556
Alberta Sulphur Permits		
Assaying and geological fees	13,332	
Licenses and permits	1,984	
Administrative expenses	<u>1,998</u>	
	17,314	
Less reimbursements	<u>1,758</u>	
		15,556
Yellowknife District, North West Territories		
Engineering fees and expenses	1,602	
Prospecting	9,910	
Camp supplies and expenses	2,858	
Administrative expenses	<u>433</u>	
	14,803	
	<u>40,471</u>	
Administrative		
Accounting and audit	2,000	
Legal	2,100	
Office rent and telephone	1,648	
Officers' remuneration	8,223	
Salaries	3,701	
Office supplies and general expense	835	
Reports to shareholders	1,733	
Fees and licenses	215	
Travel and promotion	<u>2,260</u>	
	22,715	
Expenditure for year		63,186
Deduct interest and dividends earned		<u>16,146</u>
		47,040
NET DEFERRED EXPENDITURES FOR YEAR		
Balance deferred at beginning of year		<u>196,707</u>
		243,747
Less transfer to deficit (note 4)		<u>36,347</u>
BALANCE DEFERRED AT END OF YEAR		<u>\$ 207,400</u>

STALL LAKE MINES LIMITED

STATEMENT OF DEFICIT

YEAR ENDED MARCH 31, 1969

Cost of Alberta Sulphur permits surrendered	\$ 29,975
Transfer from deferred exploration, development and administrative expenditures	<u>36,347</u>
	66,322
Deduct gain on sale of marketable securities and investments	<u>18,401</u>
BALANCE AT END OF YEAR	<u>\$ 47,921</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED MARCH 31, 1969

SOURCE OF FUNDS		
Issue of capital stock	\$ 79,694	
Payment of advances by Scope Resources Limited	7,500	
Gain on sale of marketable securities and investments	<u>18,401</u>	
	\$ 105,595	
APPLICATION OF FUNDS		
Net deferred expenditures for the year	47,040	
Mining claims	1,000	
Additions to fixed assets	1,596	
Purchase of shares of Scope Resources Limited	5,425	
Sundry shares	<u>7,185</u>	
	62,246	
INCREASE IN WORKING CAPITAL		43,349
WORKING CAPITAL AT BEGINNING OF YEAR		<u>209,724</u>
WORKING CAPITAL AT END OF YEAR		<u>\$ 253,073</u>

STALL LAKE MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1969

STALL LAKE MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1969

1. COMPARATIVE FIGURES

Comparative figures are presented on the balance sheet only, because previously reported figures were for fiscal periods which differ in length from that covered in these financial statements.

2. MINING CLAIMS

18 Claims (M5819 to M5836) in the Snow Lake area, of the Pas Mining District, Manitoba, acquired by the issuance of 750,000 common shares \$ 112,500

Under the terms of an agreement dated June 1, 1965, Falconbridge Nickel Mines Limited has acquired a 50% interest in these claims. The agreement further provides that Falconbridge's interest may be increased to 60% when that company brings a mine into production.

48 Claims in the Wildnest Lake area, of the Churchill Mining District, Saskatchewan - a 50% interest, acquired for cash 1,550

Scope Resources Ltd. owns the remaining 50% interest in these claims and shares all costs equally with Stall Lake Mines Limited

3. FIXED ASSETS

Prospecting equipment was purchased during the period at a cost of \$1,596. All other assets are located on the Snow Lake claims, and are recorded at original cost. No provision has been made in the accounts for depreciation of these assets.

	1969	1968
Buildings	\$ 17,606	\$ 17,606
Machinery and equipment	57,063	55,467
Jeep and trailer	6,950	6,950
	<u>\$ 81,619</u>	<u>\$ 80,023</u>

4. DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

Snow Lake, Manitoba	\$ 199,661
Wildnest Lake, Saskatchewan	<u>7,739</u>
	<u>\$ 207,400</u>

Deferred expenditures reflect cumulative totals for those claims remaining in good standing. Cumulative totals of administrative expenditures, less interest and dividends earned, have been included in the Snow Lake, Manitoba expenditures.

The transfer to deficit includes:

Alberta Sulphur permits	\$ 988
Prior years' expenditures	15,556
Current year's expenditures	\$ 16,544

Yellowknife District, North West Territories

Prior years' expenditures	5,000
Current year's expenditures	<u>14,803</u>
	<u>\$ 36,347</u>

5. CAPITAL STOCK

Issued during the period

Pursuant to an underwriting agreement of January, 1968 the company issued 48,300 common shares at \$1.65 per share. The agreement was allowed to expire in July 1968 and no further shares were issued.

Options

At March 31, 1969 options to senior officers for the purchase of 40,000 common shares at \$1 per share were outstanding and exercisable anytime before December 31, 1972. These options were approved by the shareholders at the annual meeting held December 18, 1967.

At March 31, 1969, options to officers' for the purchase of 59,000 common shares at \$1.20 per share were outstanding. These options are exercisable over the next three years, provided only one-third of the options granted will be exercised each year, and the said options are non-cumulative.

Subsequent to March 31, 1969, options were exercised for 14,668 common shares.

6. CONTINGENT LIABILITY

In April 1965, the former mine manager filed a claim for \$15,000 against the company for wages and severance pay. The claim was disputed by the company and a defense filed. An estimated provision has been recorded in the accounts for the claim.

Thorne,
Gunn,
Helliwell
& Christenson

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
Stall Lake Mines Limited

We have examined the balance sheet of Stall Lake Mines Limited as at September 30, 1969 and the statements of deferred exploration, development and administrative expenditures, deficit and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at September 30, 1969 and the results of its operations and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne, Gunn, Helliwell & Christenson

Winnipeg, Canada
November 24, 1969

Chartered Accountants

STALL LAKE MINES LIMITED
(Incorporated under the laws of Manitoba)

BALANCE SHEET - SEPTEMBER 30, 1969

ASSETS

CURRENT ASSETS	
Cash	\$ 5,065
Guaranteed deposit receipts, at cost plus accrued interest	244,854
Marketable securities, at cost (quoted market value \$15,260)	19,504
Deposit for options of claims, Red Lake	1,645
Accounts receivable	5,033
Prepaid expenses and deposits	<u>371</u>
	\$ 276,472

INVESTMENTS, at cost

Scope Resources Limited (quoted market value \$17,370)	11,925
Other shares	<u>7,185</u>
	19,110

MINING CLAIMS, at cost (note 1)

114,050

FIXED ASSETS, at cost (note 2)

80,710

Building, machinery and equipment

INTANGIBLES AND DEFERRED CHARGES

Deferred exploration, development and administrative expenditures (note 3)	210,720
Organization expense	<u>1,200</u>
	211,920

\$ 702,262

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 8,577
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SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 4)

Authorized	
3,000,000 Common shares, without par value	

Issued

2,468,529 Common shares	\$ 741,975
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DEFICIT

	<u>48,290</u>
	693,685

\$ 702,262

CONTINGENT LIABILITY (note 5)

Approved by the Board

Bennett Stevens
Director

W J McSoley
Director

STALL LAKE MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

SIX MONTHS ENDED SEPTEMBER 30, 1969

SOURCE OF FUNDS

Issue of capital stock	\$ 17,601
Proceeds from sale of fixed assets	<u>750</u>
	\$ 18,351

APPLICATION OF FUNDS

Net deferred expenditures for the period	3,320
Deferred expenditure on surrendered claim	<u>209</u>
	3,529

INCREASE IN WORKING CAPITAL

14,822

WORKING CAPITAL AT BEGINNING OF PERIOD

253,072

WORKING CAPITAL AT END OF PERIOD

\$ 267,894

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 1969

1. MINING CLAIMS

18 claims (M5819 to M5836) in the Snow Lake area, of The Pas Mining District, Manitoba, acquired by the issuance of 750,000 common shares

\$ 112,500

Under the terms of an agreement dated June 1, 1965, Falconbridge Nickel Mines Limited has acquired a 50% interest in these claims. The agreement further provides that should Falconbridge incorporate a new company to operate any of the claims, their interest would be increased to 60%.

48 claims in the Wildnest Lake area, of the Churchill Mining District, Saskatchewan - a 50% interest acquired for cash

1,550

Scope Resources Ltd. owns the remaining 50% interest in these claims and shares all costs equally with Stall Lake Mines Limited

\$ 114,050

STALL LAKE MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

SIX MONTHS ENDED SEPTEMBER 30, 1969

Exploration and development		
Snow Lake, Manitoba	\$	279
Consulting fees and expenses		1,147
Mine supplies and expenses		1,667
Watchman's wages and benefits		3,093
		<u>1,711</u>
Less reimbursements		\$ 1,382
Wildnest Lake, Saskatchewan		
Consulting fees and expenses		306
Less reimbursement:		<u>153</u>
Red Lake, Ontario		
Prospecting		216
Geologist fees		<u>271</u>
		487
		<u>2,022</u>
Administrative		
Accounting and audit		1,200
Legal		1,800
Office rent and telephone		797
Officers' remuneration		1,812
Salaries		2,658
Office supplies and general expenses		633
Printing and postage		279
Transfer agent's fees and expenses		<u>1,964</u>
		11,143
Expenditures for the period		13,165
Deduct interest and dividends earned		<u>9,845</u>
NET DEFERRED EXPENDITURES FOR THE PERIOD		3,320
Balance deferred at beginning of period		<u>207,400</u>
BALANCE DEFERRED AT END OF PERIOD		<u>\$ 210,720</u>

STATEMENT OF DEFICIT

SIX MONTHS ENDED SEPTEMBER 30, 1969

Balance at beginning of period	\$ 47,921
Development expenditure on previously surrendered claim	209
Loss on sale of fixed assets	<u>160</u>
BALANCE AT END OF PERIOD	<u>\$ 48,290</u>

STALL LAKE MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 1969

2. FIXED ASSETS

All fixed assets are recorded at cost. No provision has been made in the accounts for depreciation on these assets.

Buildings	\$ 17,606
Machinery and equipment	56,154
Jeep and trailer	6,950
	<u>\$ 80,710</u>

3. DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

Snow Lake, Manitoba	\$ 202,341
Wildnest Lake, Saskatchewan	7,892
Red Lake, Ontario	487
	<u>\$ 210,720</u>

Deferred expenditures reflect cumulative totals for those claims remaining in good standing. Cumulative totals of administrative expenditures, less interest and dividends earned, have been included in the Snow Lake, Manitoba expenditures.

4. CAPITAL STOCK

Issued during the period

In accordance with the company's incentive stock option plan for its officers, the company issued 14,668 common shares at \$1.20 per share.

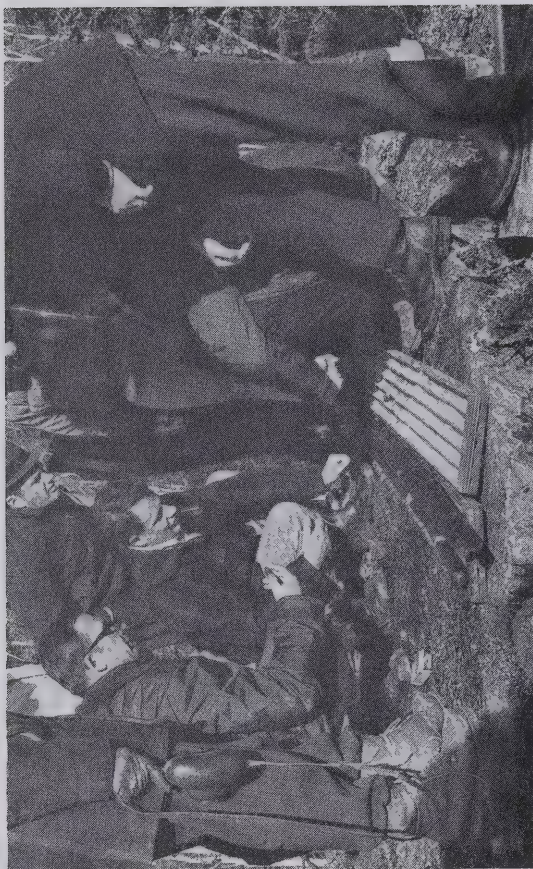
Options

At September 30, 1969 an option to a senior officer for the purchase of 20,000 shares at \$1 per share was outstanding and exercisable anytime before December 31, 1972. This option was approved by the shareholders at the annual meeting held December 18, 1967.

At September 30, 1969 options to officers' for the purchase of 29,332 common shares at \$1.20 per share were outstanding. These options are exercisable over the next two years, provided that only one-half of the options outstanding will be exercised each year, and the said options are non-cumulative.

5. CONTINGENT LIABILITY

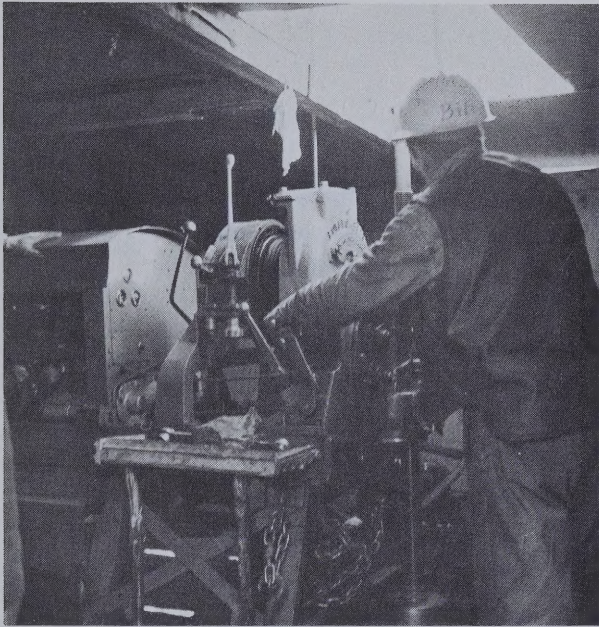
In April 1965, the former mine manager filed a claim for \$15,000 against the company for wages and severance pay. The claim was disputed by the company and a defense filed. An estimated provision has been recorded in the accounts for the claim.



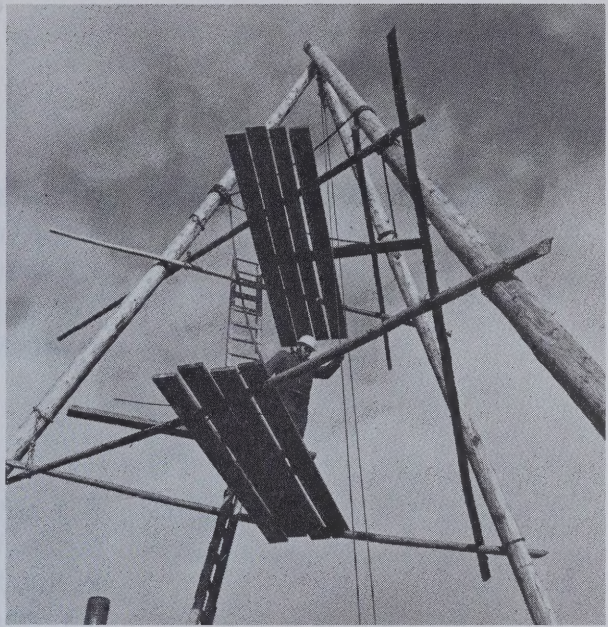
Recent visitors to the Stall Lake property at Snow Lake are seen here examining drill cores.



On recent tour of Snow Lake property this group posed for a photo — they are: Prof. Wm. Brishin, consulting Geologist and Director of Stall Lake Mines; Stall Lake's President W. J. McSorley; Dr. J. J. Brummer, Falconbridge Nickel Mines' Exploration Manager for Central Canada and Jack Roper, Director of Mines for the Province of Manitoba.



Drilling rig operators at work.



Drill crew pulls core on drill site at number 2 ore zone.

In Memorium

DR. HORACE FRASER

It was with great regret that we learned of the passing on February 2nd of Dr. Horace Fraser, President of Falconbridge Nickel Miens Limited. A resident of Swan River during his youth, Dr. Fraser graduated from the University of Manitoba and had an illustrious career in the mining field. In relations with officials of Stall Lake Mines during the past four years, he displayed not only his tremendous knowledge of geology but also a keen personal interest in the Province where he was educated. His death is a loss to the whole mining industry of Canada.

MR. BRUCE WHITE

On January 13, 1969 Mr. G. Bruce White, a Director and the Secretary-Treasurer of the Company, passed away after a short illness. Mr. White had been actively associated with the Company in various capacities since 1964 and, in those years, had made an outstanding contribution towards the Company's development. The successful position in which the Company finds itself today is, to a great extent, attributable directly to the efforts of Mr. White.

As an expression of gratitude and appreciation your Company, in conjunction with Scope Resources Ltd., another company with which Mr. White was also actively associated, have established a bursary at the Northern Manitoba Vocational Centre in The Pas, Manitoba to be known as the Bruce White Bursary. This Bursary, in the sum of \$250.00 annually, will be awarded to a student entering the first term of the mineral sciences course. The selection of the recipient will be made on the basis of scholastic ability coupled with financial need.

A number of the individuals who have been associated with Mr. White in the past have made personal contributions toward a fund to perpetuate the Bursary. Their contributions are gratefully acknowledged.

BOARD OF DIRECTORS: W. J. McSORLEY, *Winnipeg, Man.*
D. S. PATERSON, *Winnipeg, Man.*
F. E. COLE, *Winnipeg, Man.*
W. C. BRISBIN, *Winnipeg, Man.*
K. NUMEROW, *Winnipeg, Man.*

OFFICERS: W. J. McSORLEY, *President*
D. S. PATERSON, *Vice-President*
K. NUMEROW, *Secretary-Treasurer*
F. E. COLE, *Asst. Secretary-Treasurer*
W. C. BRISBIN, *Director of Explorations*

AUDITORS: THORNE, GUNN, HELLIWELL & CHRISTENSON,
Winnipeg, Man.

GENERAL COUNSEL: K. NUMEROW — SIMS, NUMEROW & CO.
Winnipeg, Man.

CONSULTING GEOLOGIST: W. C. BRISBIN, P.ENG., *Winnipeg, Man.*

TRANSFER AGENTS: CANADA PERMANENT TRUST COMPANY
Winnipeg, Man.,
Vancouver, B.C.

STOCK LISTED: THE WINNIPEG STOCK EXCHANGE
THE VANCOUVER STOCK EXCHANGE

